

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2004-214-C - ORDER NO. 2004-532
OCTOBER 26, 2004

IN RE: Application of XO Long Distance Services,)	ORDER
Inc. and XO Communications Services, Inc.)	APPROVING
for Approval of an Internal Corporate)	MERGER
Reorganization and for Approval, as)	
Necessary, of Related Transactions.)	

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Application of XO Communications Services, Inc. (XO Communications) and XO Long Distance Services, Inc. (XO Long Distance), jointly known as the Applicants, for approval of authority for an internal corporate reorganization whereby the existing operating subsidiaries of XO Communications, Inc. (XO) in South Carolina will merge. Under the plan of merger, XO Long Distance will merge with XO Communications. According to the Application, the internal corporate merger/reorganization will simplify the corporate structure, streamlining XO's operations in South Carolina, eliminating administrative redundancy and improving overall efficiency. The Applicants propose that XO Long Distance's intrastate customer base, tariff and certificate of authority to provide telecommunications in South Carolina will be transferred to its affiliate XO Communications through this merger.

The Commission's Executive Director published a Notice of Filing in newspapers of general circulation describing the Applicants' proposals. No Protests or Petitions to Intervene were received. Accordingly, the matter was placed on the Commission's

agenda for disposition. S.C. Code Ann. Section 58-9-310 (Supp. 2003) states that “No telephone utility, without the approval of the Commission after due hearing and compliance with all other existing requirements of the laws of the State in relation thereto, may sell, transfer, lease, consolidate, or merge its property, powers, franchises, or privileges or any of them.....” For purposes of this statute, we declare that the September 16, 2004 Commission agenda session where this matter was discussed satisfies the “due hearing” requirement of the statute.

According to the Application, the proposed transfer of operating authority from XO Long Distance to XO Communications will be virtually transparent to consumers in South Carolina and will have no adverse impact on them. XO will remain the parent corporation, and the name that customers see on their telecommunications invoice will remain “XO.” Further, under the Applicant’s proposal, the same services will be provided to end users at substantially similar rates, terms, and conditions. Day-to-day functions will continue, because the two companies are managed by the same team of experienced telecommunications personnel.

We have considered the matter, and hold that the Application of the Applicants should be approved as filed. We hold that the proposed merger will be transparent to the public. The merger will simplify the corporate structure, streamline XO’s operations in South Carolina, eliminate administrative redundancy, and improve overall efficiency. Accordingly, the merger and other relief described in the Application are approved as filed.

(SEAL)